

ACT FORESTS

Objectives

ACT Forests operates as a public trading enterprise providing commercial forest industry products. It manages 26,900 hectares of land including 15,700 hectares of commercial pine and eucalypt plantations. The plantations provide raw material for the local saw milling industry, which produces timber for use in housing construction in the ACT, as well as for the Sydney and Brisbane markets. The forests, which attract over 780,000 recreational visitors a year, also provide a variety of world-class venues for international sporting events.

ACT Forests is responsible for forest production and log products on a commercial, sustainable basis, and implementing regional timber production and marketing strategies.

It manages non-plantation areas for conservation purposes and is responsible for protecting natural and cultural heritage sites, and for the protection of plantation resources. It provides diverse forest-based recreational and educational opportunities for the community.

1999-2000 Highlights

Strategic and operational issues to be pursued in 1999-2000 include:

- increasing log sales to the Australian market as demand in the construction sector for processed timber increases production volumes by the mills;
- increasing revenue in 1999-2000 and the forward estimates based on improved export sales; and
- continuing a five to ten year program to address a major backlog in road maintenance.

Budget Summary	1999-2000 Planned \$'000
Government Appropriation	
• Capital injection for capital works	340
Revenues	
• User charges - non ACT Government (log sales)	11 971
• User charges - ACT Government	1 420
• Other	9
Services Provided	
• Public use of forest areas	470
• Policy advice on forest and environmental issues	70
• Log production	13 473

ACT Forests Operating Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
Revenue							
8 577	User Charges - Non ACT Government	9 678	11 971	24	12 331	12 701	13 082
1 499	User Charges - ACT Government	1 518	1 420	-6	1 430	1 441	1 452
10	Interest	27	5	-81	5	5	5
44	Other Revenue	67	4	-94	0	0	0
17	Resources Received free of charge	0	0	-	0	0	0
10 147	Total Revenue	11 290	13 400	19	13 766	14 147	14 539
Expenses							
2 351	Employee Expenses	2 261	2 404	6	2 453	2 503	2 554
210	Superannuation Expenses	210	229	9	233	238	243
7 925	Administrative Expenses	9 196	11 068	20	11 228	11 305	11 366
193	Depreciation and Amortisation	177	172	-3	188	198	208
141	Interest	141	140	-1	157	154	146
10 820	Total Expenses	11 985	14 013	17	14 259	14 398	14 517
-673	Operating Result	-695	-613	-12	-493	-251	22
36 131	Accumulated Funds - Start of Period	36 611	36 757	..	36 484	35 991	35 740
840	Capital Injections	840	340	-60	0	0	0
36 298	Accumulated Funds - End of Period	36 757	36 484	-1	35 991	35 740	35 762

ACT Forests
Statement Of Financial Position

Budget as at 30/6/99 \$'000		Est.Outcome as at 30/6/99 \$'000	Planned as at 30/6/00 \$'000	Var %	Planned as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000
Current Assets							
110	Cash	182	118	-35	111	152	326
927	Receivables	1 120	1 364	22	1 490	1 556	1 633
0	Investments	400	0	-100	0	0	0
4 112	Inventories	4 038	4 038	-	4 038	4 038	4 038
125	Other	161	223	39	223	223	223
5 274	Total Current Assets	5 901	5 743	-3	5 862	5 969	6 220
Non Current Assets							
42 118	Inventories	40 434	40 434	-	41 243	42 068	42 909
11 864	Property, Plant and Equipment	11 707	11 845	1	11 657	11 459	11 251
53 982	Total Non Current Assets	52 141	52 279	..	52 900	53 527	54 160
59 256	TOTAL ASSETS	58 042	58 022	..	58 762	59 496	60 380
Current Liabilities							
509	Creditors	515	636	23	925	932	1 045
30	Borrowings	30	30	-	30	30	380
375	Employee Entitlements	401	420	5	409	414	419
50	Other Provisions	62	52	-16	52	52	52
964	Total Current Liabilities	1 008	1 138	13	1 416	1 428	1 896
Non Current Liabilities							
220	Creditors	223	341	53	480	618	510
1 651	Borrowings	1 651	1 621	-2	1 591	1 561	1 181
730	Employee Entitlements	806	893	11	982	1 073	1 166
328	Other Provisions	342	290	-15	238	187	135
2 929	Total Non Current Liabilities	3 022	3 145	4	3 291	3 439	2 992
3 893	TOTAL LIABILITIES	4 030	4 283	6	4 707	4 867	4 888
55 363	NET ASSETS	54 012	53 739	-1	54 055	54 629	55 492
REPRESENTED BY FUNDS EMPLOYED							
36 298	Accumulated Funds	36 757	36 484	-1	35 991	35 740	35 762
19 065	Reserves	17 255	17 255	-	18 064	18 889	19 730
55 363	TOTAL FUNDS EMPLOYED	54 012	53 739	-1	54 055	54 629	55 492

ACT Forests Cashflow Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
110	CASH AT BEGINNING OF REPORTING PERIOD	68	182	168	118	111	152
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
9 894	User Charges	10 193	12 297	21	12 785	13 227	13 606
10	Interest Received	27	5	-81	5	5	5
9 904	Operating Receipts	10 220	12 302	20	12 790	13 232	13 611
	Payments						
2 545	Related to Employees	2 347	2 527	8	2 608	2 645	2 699
7 822	Related to Administration	8 237	10 469	27	10 088	10 449	10 510
26	Finance Costs	26	22	-15	19	15	146
0	Other	0	62	-	52	52	52
10 393	Operating Payments	10 610	13 080	23	12 767	13 161	13 407
-489	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-390	-778	-99	23	71	204
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
44	Proceeds from Sale of Property, Plant & Equipment	67	4	-94	0	0	0
6 000	Proceeds from Sale/Maturities of Investments	5 170	700	-86	0	0	0
6 044	Investing Receipts	5 237	704	-87	0	0	0
	Payments						
364	Purchase of Property, Plant and Equipment	373	0	-100	0	0	0
6 000	Purchase of Investments	5 170	300	-94	0	0	0
6 364	Investing Payments	5 543	300	-95	0	0	0
-320	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-306	404	232	0	0	0
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
840	Capital Injection from Government	840	340	-60	0	0	0
840	Financing Receipts	840	340	-60	0	0	0
	Payments						
30	Repayment of Borrowings	30	30	-	30	30	30
30	Financing Payments	30	30	-	30	30	30
810	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	810	310	-62	-30	-30	-30
1	NET INCREASE/(DECREASE) IN CASH HELD	114	-64	-156	-7	41	174
111	CASH AT THE END OF THE REPORTING PERIOD	182	118	-35	111	152	326

Notes to the Budget Statements

Operating Statement

Significant variations are as follows:

- operating revenue: the increase in 1999-2000 is due to the improvement in the domestic construction sector and export sales. The increase in the forward years reflects increased log prices; and
- operating expenses: the increase in 1999-2000 and the forward years is due to increased logging costs associated with increased harvesting volumes. In addition, contract silviculture work will increase over the forward years, funded from growth in export sales, to complete the plantation rehabilitation backlog program.

Statement of Financial Position

The valuation of the plantations is based on the current accounting policy which records the market value of the standing volume of trees over 15 years, being those of merchantable age. Under this policy, no account is taken of the net increase in the area planted as a result of the plantation rehabilitation program. The impact of AAS 35 "Self-Generating and Regenerating Assets" is not incorporated into this budget because a number of significant valuation and accounting policy issues are still to be worked through. AAS 35 has an application date of 30 June 2000.

Significant variations are as follows:

- receivables: the increase in 1999-2000 and the forward years reflects increased log sales. Similarly, current creditors increase as a result of increased harvesting costs associated with harvesting a greater volume; and
- current borrowings increases and non-current borrowings decreases in 2002-03 as the first repayment of an existing borrowing of \$1.5m is due in the following year.

Changes to Appropriation

Changes to Departmental Appropriations

Capital Injection	1998-99 Est. Outc. \$'000	1999-00 Budget \$'000	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
1998-99 Budget	840	200	200	300	300
Adjustment for capital works program	0	140	-200	-300	-300
1999-2000 Budget	840	340	0	0	0

This table presents a reconciliation of appropriation relating to the Cashflow Statement.

Capital Works

Departmental	Estimated Total Cost \$m	Expenditure Previous Years \$m	1999-2000 Estimated Expenditure \$m	1999-2000 Financing \$m	Expected Completion Date
New Capital Works					
Road Network Refurbishment	0.150	-	0.150	0.150	June 2000
Minor New Works – Blue Range, Uriarra Forest	0.160	-	0.160	0.160	June 2000
Kowen Depot/village Campground Conversion Plans	0.030	-	0.030	0.030	June 2000
Total Capital Works	0.340	-	0.340	0.340	